Impact of devaluation on import and export

†4139. SHRI RAM JETHMALANI:
SHRI RAJIV RANJAN SINGH 'LALAN':

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether import and export have been affected due to 6.97 per cent devaluation of Indian rupee during the year 2000-2001;

(b) if not, what is Government's reaction in this regard;

(c) whether it is a fact that devalution of currency promotes export related trade; and

(d) if so, the percentage of increase in export related trade due to devaluation of rupee during the current year?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH): (a) to (d) While depreciation is considered to help exports and make imports costlier, imports and exports are affected by a number of factors like growth in world trade, growth in demand for our exports, domestic need for imports, Governments policies, etc. However, depreciation has to be viewed in relation to issues like depreciation by competitors extent of overvaluation of domestic currency, impact on international debt and foreign investment, extent of domestic inflation, etc. The favourable world trade situation, Government policy initiatives like reduction in transaction costs through decentralisation, simplification of procedures and various other measures as enumerated in the Exim Policy, multilateral and bilateral initiatives, identification of thrust sectors and focus regions, setting up Special Economic Zones, etc. have helped in India's good export performance this year.

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†Original notice of the question was received in Hindi.